

# Proposition 46 and HCD: One Year Later

State of California



Department of Housing and  
Community Development (HCD)

# Proposition 46:

- ◆ Approved by voters November 5, 2002
- ◆ \$2.1 billion
- ◆ Funds programs administered by HCD and CalHFA
- ◆ 2003/04 budget redirects some funds

# Original Proposition 46 Allocations

## Department of Housing and Community Development (HCD)

HCD Program	Dollars (millions)
<b>Multifamily Housing Program</b>	<b>\$779</b>
<b>Supportive Housing Program</b>	<b>\$190</b>
<b>Supportive Services Space</b>	<b>\$20</b>
<b>Student Housing</b>	<b>\$15</b>
<b>Local Housing Trust Funds</b>	<b>\$24</b>
<b>Preservation Repositioning</b>	<b>\$4.8</b>
<b>CalHome</b>	<b>\$108</b>
<b>BEGIN</b>	<b>\$72</b>
<b>Self Help Housing</b>	<b>\$9.5</b>
<b>Accessibility Grants for Renters</b>	<b>\$5</b>
<b>JSJ Farmworker Housing Grant</b>	<b>\$135</b>
<b>JSJ Migrant Housing</b>	<b>\$25</b>
<b>JSJ Housing with Health Services</b>	<b>\$20</b>
<b>Emergency Housing Asst. Program</b>	<b>\$186</b>
<b>J/H Balance - Workforce Housing</b>	<b>\$99</b>
<b>Code Enforcement Grants</b>	<b>\$4.7</b>

# 2003/04 budget redirections

## ◆ CalHome Program (Local Assistance)

- Originally Local Assistance: \$108 million
- Reduction: \$ 12.6 mil.\*
- Remaining Prop 46: \$95.4 million

\*Redirected to pay for prior general fund projects.

# 2003/04 budget redirections

## ◆ Joe Serna, Jr. Farmworker Housing Grant (Local Assistance)

■ Original Local Assistance:	\$135million
■ Reduction:	<u>\$ 27 million*</u>
■ Remaining Prop 46:	\$108 million

\*Redirected to pay for prior general fund projects.

# Revised Proposition 46 Allocations

## Department of Housing and Community Development (HCD)

HCD Program	Dollars (millions)
<b>Multifamily Housing Program</b>	<b>\$779</b>
<b>Supportive Housing Program</b>	<b>\$190</b>
<b>Supportive Services Space</b>	<b>\$20</b>
<b>Student Housing</b>	<b>\$15</b>
<b>Local Housing Trust Funds</b>	<b>\$24</b>
<b>Preservation Repositioning</b>	<b>\$4.8</b>
<b>CalHome</b>	<b>\$95.4</b>
<b>BEGIN</b>	<b>\$72</b>
<b>Self Help Housing</b>	<b>\$9.5</b>
<b>Accessibility Grants for Renters</b>	<b>\$5</b>
<b>JSJ Farmworker Housing Grant</b>	<b>\$108</b>
<b>JSJ Migrant Housing</b>	<b>\$25</b>
<b>JSJ Housing with Health Services</b>	<b>\$20</b>
<b>Emergency Housing Asst. Program</b>	<b>\$186</b>
<b>J/H Balance - Workforce Housing</b>	<b>\$99</b>
<b>Code Enforcement Grants</b>	<b>\$4.7</b>

# Other budget impacts

## ◆ Return of disencumbered prior year funds

- CalHome: \$7 million
- Downtown Rebound & MHP: \$9.7 million

## ◆ Staffing reductions and delays

- Non-bond positions eliminated
- Freeze on bond position hiring

# Prop 46 funds awarded by HCD by June 30 '03

<u>Program</u>	<u>No. Awards</u>	<u>Dollars Awarded</u>
Multifamily Housing Program	22	\$ 83,986,298
Supportive Housing	10	\$ 16,669,582
Emergency Housing/Cap. Devel.	59	\$ 24,523,310
Joe Serna, Jr. Farmworker	17	\$ 22,067,929
Jobs/Housing Balance Incentive	104	\$ 25,000,000
Code Enforcement	30	\$ 4,750,000
Self-Help	6	\$ 510,000
<b>TOTAL</b>	<b>247</b>	<b>\$177,507,119</b>



# Funds Remaining from Awarded Programs as of July 1 '03

<u>Program</u>	<u>\$ Awarded</u>	<u>\$ Remaining</u>
Multifamily Housing Program	\$ 84 million	\$695 million
Supportive Housing	\$ 16.6 million	\$180.5 million
Emergency Housing/Cap. Devel.	\$ 24.5 million	\$161 million
Joe Serna, Jr. Farmworker	\$ 22 million	\$ 86 million
Jobs/Housing Balance Incentive	\$ 25 million	\$ 74 million*
Code Enforcement	\$ 4.7 million	\$ 0
Self-Help	\$ 510,000	\$ 9 million
<b>Totals</b>	<b>\$177.3 million</b>	<b>\$1.21 billion</b>

\*Available for Workforce Housing Reward Program

# Prop 46 funds currently being offered by HCD

<u>Program (\$m)</u>	<u>NOFA* Date</u>	<u>Award Date</u>
<b>MHP</b> (\$70)	August 15, 03	Jan 04
<b>Supp. Hsg</b> (\$25)	August 15, 03	OTC**
<b>Serv Space</b> (\$20)	August 15, 03	Jan 04 & OTC
<b>Trust Fund</b> (\$24)	August 18, 03	Dec 03 & OTC

\*Notice of Funding Availability

\*\*Over-the-Counter (awarded continuously)

# Prop 46 funds currently being offered by HCD (cont.)

<u>Program (\$m)</u>	<u>NOFA Date</u>	<u>Award Date</u>
<b>JSJ Migrant</b> (\$25)	February 7, 03	OTC
<b>CalHome</b> (\$25)	July 16, 03	Dec 03
<b>Preserv'n</b> (\$4.7)	March 5, 03	Sept 03
<b>Exterior Acc</b> (\$5)	October 3, 03	OTC

# Prop 46 funds currently being offered by HCD (cont.)

<u>Program (\$m)</u>	<u>NOFA Date</u>	<u>Award Date</u>
Self Help (\$3.6)	October 17, 03	OTC
Total:	\$202.3 million	

# Future Prop 46 NOFAs

<u>Program (\$m)</u>	<u>NOFA Date</u>	<u>Award Date</u>
<b>JSJ General</b> (\$35)	October 17, 03	OTC
<b>JSJ/Health</b> (\$20)	November 3, 03	OTC
<b>Emerg Hsg</b> (\$31)	October 31, 03	June 3, 04
<b>Studnt Hsg</b> (\$15)	October 29, 03	Mar 04
<b>BEGIN</b> (\$24)	November 3, 03	OTC

# Non-Prop 46 NOFAs

## Program (\$m)

## NOFA Date

## Award Date

### **CDBG**

- |                           |                |              |
|---------------------------|----------------|--------------|
| - <b>Planning</b> (\$4)   | April 3, 03    | OTC          |
| - <b>Econ Devt</b> (\$13) | July 1, 03     | Dec 19 & OTC |
| - <b>General</b> (\$30)   | October 17, 03 | May 04       |

### **Predevel** (\$3)

August 18, 03

OTC

### **HOME** (\$75)

September 15, 03

Feb 13, 04

### **MPROP**

To be determined

## Long-term projected Prop 46 releases:

◆ CalHome	\$25m/yr x 3.5 yrs
◆ Self Help	\$3.5m/yr x 2 yrs
◆ MHP	\$153m/yr x 2 yrs
	\$124m/yr x 3.5 yrs
◆ Supportive Hsg.	\$35m/yr x 4.5 yrs
◆ JSJ Farmworker	\$30m/yr x 4.5 yrs
◆ EHAP	\$31m/yr x 5 yrs
◆ Workforce Housing	\$33m/yr x 2 yrs

# Listening to our customers

- ◆ Public review and hearings on all regulation adoptions
- ◆ Workshops on new application processes and criteria
- ◆ Stakeholder advisory committee for HOME
- ◆ HCD representation at industry conferences



# Program regulation improvements

## Program

## Impact

**MHP**

Program improvements and streamlining

**HOME, MHP,  
JSJ**

Uniform rental underwriting regulations for three major multifamily programs

**HOME**

New applications, rating & ranking criteria

# Program regulation improvements

## **CalHome**

Initial regulations with major revisions

## **Predevt**

Combining 4 programs; add'l uses and applicants

## **Federal Emerg Shelter Grnt**

Initial regulations; new funding allocation system

# Other improvements

- ◆ **Timely issuance of Notices of Funding Availability (NOFAs)**
- ◆ **No major staff increases means improved productivity**
- ◆ **Supportive Housing**
  - OTC awards
  - Pre-application

# Other improvements (cont.)

## ◆ **More effective deployment of funds**

- HOME pre-allocating future federal funds
- MHP timing with tax-exempt bond to facilitate a funding decision stream

## ◆ **Quicker responses to market conditions**

- EHAP-CD: under-subscription leads to new procedures
- Supportive Housing: OTC process supplemented by pre-application
- CalHome: customer feedback shapes new regulations

# Website addresses

- ◆ HCD home page:  
[Http://www.hcd.ca.gov/](http://www.hcd.ca.gov/)
- ◆ Division of Community Affairs home page (information on loan and grant programs): <http://www.hcd.ca.gov/ca/>
- ◆ Current and future events:  
<http://www.hcd.ca.gov/news/events>
- ◆ Or call (916) 322-1560

# Prop 46 MHP Commitments

## ◆ One Funding Cycle

■ Funds Committed	\$ 100,655,880	
■ Projects	32	
■ Units	2,161	
■ 3+ Bedroom Units	835	39%

# Prop 46 MHP Commitments

## ◆ One Funding Cycle

■ Supportive Housing or Special Needs Units	<b>444</b> <b>21%</b>
■ Deeply Targeted Units	<b>787</b> <b>63%</b>
■ Leverage Ratio	<b>4.4 to 1</b>

# Other Prop 46 MHP Outcomes

## ◆ First Funding Cycle

- Round 1B MHP-General Highly Competitive
  - ◆ Received 69 applications
  - ◆ Rated and ranked 56 applications
  - ◆ Funded 32 projects
  - ◆ Point score cut-off for MHP-General projects (142 pts. Out of 150 possible)



# Other Prop 46 MHP Outcomes

## ◆ First Funding Cycle

- Supportive Housing allocation undersubscribed
  - ◆ Announced \$25 million available
  - ◆ Awarded \$16.7 million to 10 projects

# Other Prop 46 MHP Outcomes

## ◆ First Funding Cycle

- Converted Supportive Housing allocation to Over-the-Counter funding process
  - ◆ Optional Pre-application
  - ◆ 125 point minimum score
  - ◆ Applications accepted beginning September 15, 2003 through June 30, 2004
    - Received two applications
    - Requesting \$

# MHP Regulation Changes

- ◆ Increased base loan amount
- ◆ Increased developer fees
  - Eliminated HUD 811/202 separate schedule
- ◆ SMI converted to AMI
- ◆ Eliminated cap on annual rent increase

# MHP Regulation Changes

- ◆ Vacancy de-control
- ◆ Operating reserve minimums to be funded from development funding sources
- ◆ Excessive site development costs prohibited
- ◆ Leveraging scale for points modified

# MHP Regulation Changes

- ◆ Added point tie-breaker (measures comparative project affordability)
- ◆ Added maximum DSCR-1.2
- ◆ Increased replacement reserve amount at underwriting stage
  - Proposed rule is back out for comment

# MHP Regulation Changes

- ◆ 5% vacancy rate for special needs
- ◆ 90 year lease term
- ◆ Uses of surplus cash flow – eliminated per unit annual distribution limit
  - Deferred developer fee & partnership management fee
  - 50% to borrower; 50% to HCD (other public lenders)